

Workforce Review

A monthly review of labor market information for Northern Santa Clara County

August 2013

Did you know?

Recent spate of Silicon Valley IPO filings may just be the beginning

August was a hot month for IPOs in Silicon Valley. Filings last week by two Bay Area companies brought to seven the number that announced plans during the month to go public. And observers expect more to follow suit thanks to eager Wall Street investors, strong returns and new federal rules that have smoothed the path to an initial public stock offering.

“There’s more of an appetite for IPOs than there’s been in some time,” said Thomas Kellerman, an attorney with Morgan Lewis in Palo Alto who co-chairs the firm’s tech practice.

Indeed, research firm Renaissance Capital reports there have been 153 new IPO filings nationwide in 2013, a 56 percent uptick over the same time last year.

Tech IPOs virtually screeched to a halt for several months after the May 2012 pratfall by Facebook. Given the wealth effect that successful IPOs have on the valley economy, even nontechies have reason to hope this year will be different.

“IPOs create a lot of wealthy people. Wealthy people start spending a lot of money,” said Russ Hancock, CEO of Joint Venture Silicon Valley, which studies the valley’s economy.

He and others note that newly minted millionaires dine at expensive local restaurants, buy luxury cars from local dealerships and hire people for jobs like landscaping and remodeling.

“The IPO market feeds the service side of our economy,” Hancock said. “And it’s going to continue driving housing prices.”

Local governments, which rely on sales taxes and state income taxes, also care keenly about IPO performance, especially in these lean times. So do nonprofits: Tech entrepreneurs who’ve struck it rich via IPOs and gone on to establish foundations include the founders of Hewlett-Packard (HPQ), Intel (INTC), eBay (EBAY), Google (GOOG) and, yes, Facebook.

Take heart, therefore: Renaissance Capital analyst Greg Leffert said investors are emboldened by the strong performance so far of 2013’s tech IPOs, which have notched a 35 percent average return.

(Complete article available at link at right)

Source: *San Jose Mercury News* (08/30/13)
<http://bit.ly/147JvqP>

Labor Force Statistics (San José–Sunnyvale–Santa Clara MSA)

Unemployment Rate	August 2012	July 2013	August 2013	Percentage Point Change	
				Monthly	Annual
San José–Sunnyvale MSA	8.7%	7.2%	6.8%	- 0.4	- 1.9
California	10.5%	9.3%	8.8%	- 0.5	- 1.7
United States	8.2%	7.7%	7.3%	- 0.4	- 0.9

Labor Force	August 2012	July 2013	August 2013	Percentage Change	
				Monthly	Annual
San José–Sunnyvale MSA	939,900	955,400	957,000	+ 0.2%	+ 1.8%
Civilian Employed	858,000	886,800	892,200	+ 0.6%	+ 4.0%
Civilian Unemployed	81,900	68,500	64,900	- 5.3%	- 20.8%

Industry Statistics (San José–Sunnyvale–Santa Clara MSA)

Change in Employment	August 2012	July 2013	August 2013	Percentage Change	
				Monthly	Annual
Total Nonfarm	907,600	928,200	935,600	+ 0.8%	+ 3.1%
Const: Specialty Contractors	26,200	30,000	30,500	+ 1.7%	+ 16.4%
Mfg: Nondurable Goods	12,600	11,300	12,000	+ 6.2%	- 4.8%
Publishing: Newspapers, et al	1,300	1,200	1,200	0.0%	- 7.7%
Hospitality: Accommodations	7,900	8,300	8,500	+ 2.4%	+ 7.6%
State Government: Education	3,700	4,000	3,700	- 7.5%	0.0%

NOTE: San José–Sunnyvale–Santa Clara MSA (Metropolitan Statistical Area) = Santa Clara and San Benito Counties

Source: California Employment Development Department, LMID

Labor Force by City (NOVA Seven-City Consortium)

	Labor Force			Unemployment			Unemployment Rate		
	August 2012	August 2013	Annual Change	August 2012	August 2013	Annual Change	August 2012	August 2013	Annual Change
Santa Clara County	914,300	931,000	+ 1.8%	79,200	62,600	- 21.0%	8.7%	6.7%	- 2.0
Cupertino	25,300	25,900	+ 2.4%	1,400	1,100	- 21.4%	5.6%	4.3%	- 1.3
Los Altos	13,200	13,600	+ 3.0%	600	500	- 16.7%	4.4%	3.4%	- 1.0
Milpitas	33,100	33,700	+ 1.8%	3,000	2,300	- 23.3%	8.9%	6.9%	- 2.0
Mountain View	43,800	44,800	+ 2.3%	2,800	2,200	- 21.4%	6.4%	5.0%	- 1.4
Palo Alto	32,800	33,700	+ 2.7%	1,500	1,200	- 20.0%	4.6%	3.6%	- 1.0
Santa Clara	58,900	60,100	+ 2.0%	4,700	3,700	- 21.3%	7.9%	6.2%	- 1.7
Sunnyvale	78,300	80,000	+ 2.2%	5,800	4,600	- 20.7%	7.4%	5.8%	- 1.6
NOVA Region	285,400	291,800	+ 2.2%	19,800	15,600	- 21.2%	6.9%	5.4%	- 1.5

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

Regional Layoff Activity: August 2013

Company	WARN *	City	Affected	Cause	Layoff Summary	
Applied Materials	Yes	Santa Clara	3	RIF	Individuals Affected YTD †:	653
BAE	No	Milpitas	6	RIF		
Bayer HealthCare	Yes	Milpitas	60	RIF	Events Current YTD †:	15
Nob Hill Foods	No	Milpitas	—	Closure	Events Previous YTD †:	8
Symantec Corp.	Yes	Mountain View	114	RIF		
Company confidential	Yes	Mountain View	56	Closure		

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* **WARN: Worker Adjustment and Retraining Notification**
(notice of mass layoff or closure)
† **YTD: Year to Date**
(Program year: July 1–June 30)

NOTE: Layoff data are reported by NOVA staff responding to layoff events and should be considered only an estimate of regional activity

Source: NOVA's internal Rapid Response database